

Internal Revenue bulletin

Bulletin No. 1997-40
October 6, 1997

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

Rev. Rul. 97-41, page 4.

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term exempt rate. For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for October 1997.

EMPLOYEE PLANS

Notice 97-53, page 6.

Individual retirement accounts. This notice provides guidance relating to penalty-free withdrawals from IRAs for higher education expenses.

EXEMPT ORGANIZATIONS

Announcement 97-99, page 7.

A list is given of organizations now classified as private foundations.

ADMINISTRATIVE

Notice 97-55, page 6.

T.D. 8656, 1996-1 C.B. 329, relating to the imposition of the accuracy-related penalty, is corrected.

Announcement 97-100, page 8.

T.D. 8722, 1997-29 I.R.B. 4, relating to the eligibility for benefits under income tax treaties for payments to entities, is corrected.

Finding Lists begin on page 10.
Index for July-September begins on page 12.



Department of the Treasury
Internal Revenue Service

Mission of the Service

The purpose of the Internal Revenue Service is to collect the proper amount of tax revenue at the least cost; serve the public by continually improving the quality of our prod-

ucts and services; and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency, and fairness.

Statement of Principles of Internal Revenue Tax Administration

The function of the Internal Revenue Service is to administer the Internal Revenue Code. Tax policy for raising revenue is determined by Congress.

With this in mind, it is the duty of the Service to carry out that policy by correctly applying the laws enacted by Congress; to determine the reasonable meaning of various Code provisions in light of the Congressional purpose in enacting them; and to perform this work in a fair and impartial manner, with neither a government nor a taxpayer point of view.

At the heart of administration is interpretation of the Code. It is the responsibility of each person in the Service, charged with the duty of interpreting the law, to try to find the true meaning of the statutory provision and not to adopt a strained construction in the belief that he or she is "protecting the revenue." The revenue is properly protected only when we ascertain and apply the true meaning of the statute.

The Service also has the responsibility of applying and administering the law in a reasonable, practical manner. Issues should only be raised by examining officers when they have merit, never arbitrarily or for trading purposes. At the same time, the examining officer should never hesitate to raise a meritorious issue. It is also important that care be exercised not to raise an issue or to ask a court to adopt a position inconsistent with an established Service position.

Administration should be both reasonable and vigorous. It should be conducted with as little delay as possible and with great courtesy and considerateness. It should never try to overreach, and should be reasonable within the bounds of law and sound administration. It should, however, be vigorous in requiring compliance with law and it should be relentless in its attack on unreal tax devices and fraud.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents of a permanent nature are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and proce-

dures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

With the exception of the Notice of Proposed Rulemaking and the disbarment and suspension list included in this part, none of these announcements are consolidated in the Cumulative Bulletins.

The first Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a quarterly and semiannual basis, and are published in the first Bulletin of the succeeding quarterly and semiannual period, respectively.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

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Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted federal long-term rate is set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month

of October 1997. See Rev. Rul. 97-41, on this page.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, on this page.

Section 1274.—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections 42, 280G, 382, 412, 467, 468, 482,

483, 642, 807, 846, 1288, 7520, 7872.)

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term exempt rate. For purposes of sections 1274, 1288, 382, and other sections of the Code, tables set forth the rates for October 1997.

Rev. Rul. 97-41

This revenue ruling provides various prescribed rates for federal income tax purposes for October 1997 (the current month.) Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 97-41 TABLE 1
Applicable Federal Rates (AFR) for October 1997

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
<i>Short-Term</i>				
AFR	5.84%	5.76%	5.72%	5.69%
110% AFR	6.44%	6.34%	6.29%	6.26%
120% AFR	7.03%	6.91%	6.85%	6.81%
130% AFR	7.63%	7.49%	7.42%	7.38%
<i>Mid-Term</i>				
AFR	6.34%	6.24%	6.19%	6.16%
110% AFR	6.98%	6.86%	6.80%	6.76%
120% AFR	7.63%	7.49%	7.42%	7.38%
130% AFR	8.27%	8.11%	8.03%	7.98%
150% AFR	9.58%	9.36%	9.25%	9.18%
175% AFR	11.22%	10.92%	10.77%	10.68%

REV. RUL. 97-41 TABLE 1 — (Continued)
Applicable Federal Rates (AFR) for October 1997

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Long-Term</i>				
AFR	6.68%	6.57%	6.52%	6.48%
110% AFR	7.36%	7.23%	7.17%	7.12%
120% AFR	8.04%	7.88%	7.80%	7.75%
130% AFR	8.72%	8.54%	8.45%	8.39%

REV. RUL. 97-41 TABLE 2
Adjusted AFR for October 1997

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
adjusted AFR	3.98%	3.94%	3.92%	3.91%
<i>Mid-term</i>				
adjusted AFR	4.46%	4.41%	4.39%	4.37%
<i>Long-term</i>				
adjusted AFR	5.27%	5.20%	5.17%	5.14%

REV. RUL. 97-41 TABLE 3
Rates Under Section 382 for October 1997

Adjusted federal long-term rate for the current month	5.27%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	5.33%

REV. RUL. 97-41 TABLE 4
Appropriate Percentages Under Section 42(b)(2) for October 1997

Appropriate percentage for the 70% present value low-income housing credit	8.53%
Appropriate percentage for the 30% present value low-income housing credit	3.66%

REV. RUL. 97-41 TABLE 5
Rate Under Section 7520 for October 1997

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	7.6%
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Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, page 4.

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, page 4.

Section 7872.—Treatment of Loans With Below-Market Interest Rates

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 1997. See Rev. Rul. 97-41, page 4.

Part III. Administrative, Procedural, and Miscellaneous

Penalty-Free Withdrawals From IRAs for Higher Education Expenses

Notice 97-53

Section 203 of the Taxpayer Relief Act of 1997 provides that the 10-percent additional tax on early distributions from individual retirement arrangements (IRAs) does not apply to certain distributions for educational expenses after 1997. This Notice provides guidance concerning the effective date of this provision.

In general, section 72(t) of the Internal Revenue Code imposes an additional 10-percent tax on amounts withdrawn from a qualified retirement plan (including an IRA) before age 59½ subject to certain exceptions. Section 203 of the Taxpayer Relief Act of 1997 added certain educational expenses to the list of exceptions to the 10-percent additional tax. The exception for educational expenses is limited to the qualified higher education expenses of the taxpayer, the taxpayer's spouse, or any child or grandchild of the taxpayer or spouse.

Section 203 is effective for IRA distributions made after December 31, 1997, with respect to expenses paid after that date, for education provided in academic periods beginning after that date. An "academic period" includes a semester, trimester, quarter, or other academic term designated by the educational institution. For this purpose, an academic period begins on the first day of classes, and does not include periods of orientation, counseling or vacation.

For example, assume the 1997-1998 schedule of a college or university divides the academic year into two semesters; the first semester begins in September 1997, and the second semester begins in January

1998. The benefits are not available for the September semester. The benefits of section 203 would be available, however, for the qualified expenses for the semester that begins in January 1998, provided the IRA distribution is made after December 31, 1997 and the expenses are paid after that date. This result applies to students who are enrolled in both semesters as well as to students whose enrollment begins only with the January semester.

For further information concerning the term "academic period" contact Monice Rosenbaum of the Office of Associate Chief Counsel (Employee Benefits and Exempt Organizations) at (202) 622-6070 (not a toll-free call). For other information concerning this Notice contact Cathy Vohs of the Office of Associate Chief Counsel (Employee Benefits and Exempt Organizations) at (202) 622-6030 (not a toll-free call).

Section 6662—Imposition of the Accuracy-Related Penalty; Correction

Notice 97-55

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains a correction to final regulations (T.D. 8656[1996-1 C.B. 329]) in the Code of Federal Regulations, which were published in the **Federal Register** on Friday, February 9, 1996 (61 FR 4876). The final regulations provide guidance on the imposition of the accuracy related penalty.

EFFECTIVE DATE: February 9, 1996.

FOR FURTHER INFORMATION CONTACT: Lisa G. Sams (202) 622-3880 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of these corrections are under section 6662 of the Internal Revenue Code.

Need for Correction

As published, T.D. 8656 contains an error that may prove to be misleading and is in need of clarification.

* * * * *

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendment:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

§ 1.6662-6 [Corrected]

Par. 2. In § 1.6662-6, paragraph (d)(2)-(ii)(E) is amended by removing the language "§1.482-1(e)(2)(ii)(B)" from the last sentence and adding the language "§1.482-1(e)(2)(iii)(B)" in its place.

Cynthia E. Grigsby,
Chief, Regulations Unit,
Assistant Chief Counsel (Corporate).

(Filed by the Office of the Federal Register on September 4, 1997, 8:45 a.m., and published in the issue of the Federal Register for September 5, 1997, 62 F.R. 46877)

Part IV. Items of General Interest

Foundations Status of Certain Organizations

Announcement 97-99

The following organizations have failed to establish or have been unable to maintain their status as public charities or as operating foundations. Accordingly, grantors and contributors may not, after this date, rely on previous rulings or designations in the Cumulative List of Organizations (Publication 78), or on the presumption arising from the filing of notices under section 508(b) of the Code. This listing does *not* indicate that the organizations have lost their status as organizations described in section 501(c)(3), eligible to receive deductible contributions.

Former Public Charities. The following organizations (which have been treated as organizations that are not private foundations described in section 509(a) of the Code) are now classified as private foundations:

Academy of Comedy Arts & Sciences,
Los Angeles, CA
A Gainer Technical & Assistance
Foundation, New York, NY
Allen South Fork Preserve, Palos Verdes
Estates, CA
Barrasco Sebania Anastatica, San Diego,
CA
Caliban Incorporated, Laguna Beach, CA
Community Legal Services, Inc.,
Beverly Farms, MA
Community Mediators and Arbitrators,
Inc., New York, NY
Community Uplift Through
Perseverance, Inc., New York, NY
Connecticut Chapter of the American
Chestnut Foundation, Inc., Haddam,
CT
Crossroads Quilters Guild, Inc., Ipswich,
MA
Crotona Terrace Housing Development
Fund Company, Inc., Bronx, NY
Cultural Computing Foundation
Incorporated, New York, NY
Curious Group Ensemble, Inc., New
York, NY
D.A.R.E. Massachusetts, Braintree, MA
Dare to Care Fund Foster Parent
Association of Broome County,
Castle Creek, NY
Diabetic Cure Foundation, Inc., New
Rochelle, NY

Dubois Group A Caucus of Concerned
Black Professionals, San Bruno, CA
Florida Foundation for Research in
Spinal Disorders Inc., Gainesville, FL
FWRT Fund, Inc., Boston, MA
Garmendia Gardens Housing Develop-
ment Fund Corporation, Bronx, NY
Gay Lesbian Alliance of Danbury, Inc.,
Danbury, CT
Genesee County Citizens Crime
Prevention Advisory Board, Batavia, NY
Global Action Plan International, Inc.,
Woodstock, NY
Global Jewish Assistance and Relief
Network, Brooklyn, NY
Great Basin Society for Parenteral and
Enteral Nutrition, Carson City, NV
Greater Boston Relief Society, Inc.,
Malden, MA
Griffith Sandiford Family Assistance
Fund, Inc., Brooklyn, NY
Haitian American Education and
Development Association, Inc.,
Malden, MA
Haitian American Solidarity Corp.,
Rosedale, NY
Haiti Communications Project Fund,
Boston, MA
Happiness is Sharing Charities, Inc.,
Valhalla, NY
Harlem Economic Foundation, Inc., New
York, NY
Harmonia Dance, Inc., New York, NY
Harvest House, Inc., Charlestown, ME
Hawk and Handsaw Theatre Company,
Inc., New York, NY
Health Care We Gotta Have It, Inc.,
Philadelphia, PA
Health on Earth, Wakefield, RI
Heart to Heart-American Jewish Society
for Distinguished Children, Inc.,
Monsey, NY
HEAT in the Central Valley, Fresno, CA
Helderberg Ambulance Squad, Inc., East
Berne, NY
Hells Kitchen Aids Project, Inc., New
York, NY
Helpline Hand House, Belfast, ME
Helpline Soul Rescue Ministry, Inc.,
Long Beach, NY
Heritage of Pride, New York, NY
High Mountain Health Center, Ltd.,
Webster, MA
Hispanic Employees of Restaurants
Outstanding Service, Burbank, CA
Homers Kids, Ltd., Macedon, NY

Horse Trails Conservancy, Inc., New
York, NY
Housing Network Rhode Island
Association of Nonprofit Housing
Developers, Providence, RI
Humanities Preservation Corporation,
New York, NY
Icorojoy-Yemenite Heritage Foundation,
Inc., Brooklyn, NY
I Have a Dream-New Haven, Inc., New
Haven, CT
International Communications
Association, Inc., New York, NY
Italian Businessmen's Foundation, Inc.,
Portland, OR
Jabualu-Nur Foundation, Wyandanch,
NY
JB Williams Charitable Foundation,
Longmeadow, MA
Jesucristo Es El Senor Ministries, New
Haven, CT
JLB, Inc., Cold Springs, NY
John Stamatakis Trust, Watertown, MA
Joseph Haggerty Childrens Fund, New
York, NY
Joshua House, Inc., Sidney Center, NY
Jurupa 12 Step Recovery, Inc., Riverside,
CA
Kalgidhar Trust, Jackson, MS
Keep Me Company, Inc., Jamaica Plains,
MA
Keep Kids Lead Free, Inc., Stamford, CT
Kids Toy Lending Club, Lincoln, MA
Kiruv Rechokim Fund, Inc., Brooklyn,
NY
KQC Foundation, Inc., Boston, MA
LA Image Academy, Honolulu, HI
Miles Ahead Ministries, San Diego, CA
National Association of Small Business
International Trade Educators, Dallas,
TX
New Foundation Ministries, Inc., Benton,
LA
Nu Vision Modeling and Entertainment,
Inc., Los Angeles, CA
Ocean Challenge of Southern California,
Inc., Torrance, CA
Parents Association for Scholarship and
Sensitivity, Orange, CA
Pentucket Activities Association, Inc.,
West Newbury, MA
Progressive Educational Initiatives,
Providence, RI
Read It Believe It & Do It, Berkeley, CA
Real Colegio Complutense, Inc.,
Cambridge, MA

Santa Ana Public Library Auxiliary,
Santa Ana, CA
Something Familiar, Inc., New York, NY
South Bay Classic, Inc., Torrance, CA
Valley Partnership for a Drug Free
Community, Palm Desert, CA
Valley Youth Conference, Inc.,
Chatsworth, CA
Vancouver Amateur Hockey Association,
Vancouver, WA
Wrentham Elementary Parent Teacher
Organization, Inc., Wrentham, MA

If an organization listed above submits information that warrants the renewal of its classification as a public charity or as a private operating foundation, the Internal Revenue Service will issue a ruling or determination letter with the revised classification as to foundation status. Grantors and contributors may thereafter rely upon such ruling or determination letter as provided in section 1.509(a)-7 of the Income Tax Regulations. It is not the practice of the Service to announce such revised classification of foundation status in the Internal Revenue Bulletin.

Guidance Regarding Claims for Certain Income Tax Convention Benefits; Correction

Announcement 97-100

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to temporary regulations.

SUMMARY: This document contains

corrections to temporary regulations (T.D. 8722 [1997-29 I.R.B. 4]) which were published in the **Federal Register** on Wednesday, July 2, 1997 (62 F.R. 35673). The temporary regulations relate to the eligibility for benefits under income tax treaties for payments to entities.

EFFECTIVE DATE: July 2, 1997.

FOR FURTHER INFORMATION CONTACT: Elizabeth Karzon, (202) 622-3880 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The temporary regulations that are subject to these corrections are under section 894 of the Internal Revenue Code.

Need for Correction

As published, the temporary regulations (T.D. 8722) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the temporary regulations (T.D. 8722) which are the subject of F.R. Doc. 97-17467 is corrected as follows:

1. On page 35673, column 1, in the preamble in the caption "FOR FURTHER INFORMATION CONTACT", line 2, the language "Elizabeth Karzon, (202) 622-3860 (not a)" is corrected to read "Elizabeth Karzon, (202) 622-3880 (not a)".

§ 1.894-1T [Corrected]

2. On page 35676, column 3, § 1.894-1T, paragraph (d)(1), line 5 from the bottom of the column, the language "a resident of the jurisdiction only to the" is corrected to read "a resident of the jurisdiction to the".

3. On page 35677, column 1, § 1.894-1T, paragraph (d)(1), line 9, the language "a resident of such jurisdiction only if" is corrected to read "a resident of such jurisdiction if".

4. On page 35679, column 2, § 1.894-1T, paragraph (d)(6), paragraph (i) of *Example 11.*, line 16, the language "holder, is a corporation organized in Country" is corrected to read "holder, is a business organization organized in Country".

5. On page 35679, column 3, § 1.894-1T, paragraph (d)(6), paragraph (ii) of *Example 11.*, line 15, the language "jurisdiction. F, however, may claim the" is corrected to read "jurisdiction. F, however, is entitled to the".

5. On page 35679, column 3, § 1.894-1T, paragraph (d)(6), paragraph (ii) of *Example 11.*, line 20, the language "of X, because X qualifies as a resident of X" is corrected to read "of X, because F qualifies as a resident of X".

Cynthia E. Grigsby,
Chief, Regulations Unit,
Assistant Chief Counsel (Corporate).

(Filed by the Office of the Federal Register on September 4, 1997, 8:45 a.m., and published in the issue of the Federal Register for September 5, 1997, 62 F.R. 46876)

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it ap-

plies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in law or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in the new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C.—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.

E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contribution Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign Corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.

PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statements of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
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Key to Abbreviations:

RR	Revenue Ruling
RP	Revenue Procedure
TD	Treasury Decision
CD	Court Decision
PL	Public Law
EO	Executive Order
DO	Delegation Order
TDO	Treasury Department Order
TC	Tax Convention
SPR	Statement of Procedural Rules
PTE	Prohibited Transaction Exemption

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